



HEADQUARTERS, UNITED STATES FORCES, KOREA
UNIT #15237
APO AP 96205-5237

REPLY TO
ATTENTION OF:

FKCS-AD


14 OCT 2009

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: United States Forces Korea (USFK) National Security Personnel System (NSPS) Business Rules

1. In preparation for the 2009 pay pool panel process, a review of the USFK NSPS Business Rules has been completed. Adjustments have been made to reflect changes in the National Defense Authorization Act, the final Federal Enabling Regulations, and Department of Army NSPS policy.
2. Please ensure that the enclosed business rules are transmitted to all supervisors and employees covered by NSPS.
3. The Civilian Personnel Directorate is the proponent for the USFK NSPS program. If you have questions, please contact Ms. Rebecca Koning at 724-8901 and e-mail: Rebecca.Koning@korea.army.mil.

Encl


EDWARD B. McKEE
Colonel, USA
Assistant Deputy Chief of Staff

DISTRIBUTION:
B

United States Forces Korea
National Security Personnel System (NSPS)
Pay Pool Business Rules

September 2009

**United States Forces Korea
NSPS Business Rules**

PURPOSE: Provide pay pool business rules to be followed by USFK Pay Pool Panel.

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REFERENCES:

- §9901-9904 of Title 5 United States Code
- Part 9901 of Title 5, Code of Federal Regulations (FR, Vol. 73, No. 188, September 26, 2008)
- National Defense Authorization Acts
- DoD 1400.25-M, DoD NSPS Implementing Issuances
- Department of Army NSPS Policy, May 14, 2009

Web References:

- <http://www.cpms.osd.mil/NSPS/documents.html>
- <http://www.cpol.army.mil/library/general/nsps/regulations.html>

1. Funding the Pay Pool

References: DoD 1400.25-M, subchapter 1930 and Department of Army NSPS Policy.

- The funding for this pay pool is to be paid out as a base salary increase, as a performance bonus, or as a combination of base salary increase and performance bonus.
- Each NSPS rating cycle, the USFK Commander (CDR) will be provided with funding level options for the pay pool payout. The pay pool funding levels will be revisited annually and are at the discretion of the USFK CDR.
- The Director, FKRM, in coordination with the Director, FKCP, will recommend to the USFK CDR the projected percentage of civilian pay that will be applied to the pay pool fund. The USFK CDR may, either directly or through the Performance Review Authority (PRA) or Pay Pool Manager (PPM), notify employees of this projection.
- A payout split (base salary vs. bonus) for the pay pool payout percentage will be based on Department of Defense (DoD)/Department of the Army (DA) guidance and affordability.
- Army must certify that, in the aggregate, the amount paid out for compensation is not less than the amount that would have been paid out for employees had they not converted into NSPS.

2. Pay Pool Structure, Composition, and General Notice

USFK: Consists of Non-Bargaining supervisory and non-supervisory employees assigned to USFK.

- The PRA is a three-person board which includes COL Edward B. McKee, USFK Assistant Deputy Chief of Staff (FK-ADCS), COL Lewis F. Setliff, EUSA Chief of Staff (EACS), and COL Jeffery K. Ludwig, 19th ESC Deputy Commander (EANC-CG).
- Pay Pool Panel (PPP) members will be designated by the PPM and will consist of three or more senior management officials (YA3/YC3 or equivalent, or LTC and above) in the organizations or functions represented in the pay pool, and should represent the diversity of the command. The PPM has discretion to rotate the panel members as s/he deems appropriate.
- The PPM shall identify the PPP by name no later than the first quarter of each rating cycle and provide this information to the workforce as soon as it is possible, but NLT 90 days from the end of the performance cycle. If a panel member becomes unavailable to serve on the pay pool (job change, separation, etc.), the PPM, with coordination of FKCP, will promptly designate a qualified alternate. Each member of

the PPP will need to complete all required NSPS training prior to serving in the panel.

- As needed, the PPP will be supported by a Pay Pool Administrator (PPA) who will also serve as the Compensation Workbench (CWB) Data Administrator. The PPP will also be supported by an advisor. These functions will be accomplished by Human Resources Specialist(s) from FKCP.
- Notification to employees – NLT 90 days prior to the end of the rating cycle, NSPS employees and supervisors thereof will be advised of:
 - Membership and roles and responsibilities of the PRA, PPM, and PPP,
 - Pay pool composition,
 - General pay pool policies, and
 - Factors that may be considered in making specific share assignments and allocations between base salary and bonus.

3. Pay Pool Roles and Responsibilities

References: DoD 1400.25-M, subchapter 1940 and Department of Army NSPS Policy.

- **Performance Review Authority (PRA):**
 - Ensures employees are informed on pay pool assignments, PPP and PPP, and other pertinent information.
 - Oversees the composition of pay pools. Recommends the composition of the pay pool and appointment of the PPP in coordination with FKCP.
 - Verifies all pay PPMs and panel members are certified and trained.
 - Provides guidance to PPMs and oversees operation of pay pools under its authority.
 - Recommends pay pool funding percentages to USFK CDR.
 - Manages the civilian pay-for-performance budget.
 - Ensures procedural and funding consistency among pay pools in coordination with FKRM and FKCP.
 - Oversees publication of any Notices to Employees.
 - Manages discretionary payout fund.
 - Manages the pay-for-performance reserve fund, if any.
 - Monitors and adjusts pay pool fund distribution.
 - Adjudicates reconsideration requests.
 - Completes NSPS training as appropriate.
- **Pay Pool Manager (PPM):**
 - Ensures rating officials complete performance plans, interim reviews, closeout assessments, and recommended ratings within established timeframes.
 - Ensures that rating officials and PPP members are certified and trained.
 - Distributes and collects nondisclosure statements for PPP and the PPA.

- Ensures panels are convened in a timely manner and conducted in accordance with (IAW) established implementing issuances, policies, procedures, and merit system principles.
- Chairs and attends all PPP meetings.
- Designates PPP members where appropriate.
- Appoints an administrator to provide administrative support and track panel decisions.
- Renders final approval of performance ratings, share assignments, and payout distribution.
- Ensures pay pool funds are distributed in compliance with DoD, DA, Command, and PRA financial management policies and based on employee performance and contributions.
- Ensures pay pool member communication and notification requirements are completed in a timely manner.
- Contacts rating officials and/or higher level reviewers (HLRs) as needed for additional information or clarification, or to relay panel decisions regarding changes to recommended ratings, shares, and/or payout distributions along with the rationale for the change(s).
- Affords rating officials the opportunity to provide further justification before finalizing a change to a recommended rating of record, share assignment, or payout distribution.
- Adjudicates first level reconsideration requests.
- Signs nondisclosure statement.
- Completes NSPS training as appropriate.

➤ **Pay Pool Panel (PPP):**

- Attend all PPP meetings.
- Review recommended ratings of record, share assignments, and/or payout distributions, and make adjustments, which in the panel's view would result in equity and consistency across the pay pool.
- Contact rating officials and/or HLRs as needed for additional information or clarification, or to relay panel decisions regarding changes to recommended ratings, shares, and/or payout distributions.
- Complete NSPS training as appropriate.

➤ **Pay Pool Administrator (PPA):**

- Receives, stores, and secures electronic appraisal information for the panel's use.
- Maintains appropriate certification, nondisclosure, and training records.
- Ensures conference room, equipment, and reference materials for panel meetings are available.
- Prepares PPP official appointment letters for signature by the command (PPM, PRA, or Chief of Staff (CofS)).
- Monitors timely completion of rating recommendations on behalf of the PPM.
- Ensures disposition of NSPS records is in accordance with DA and DoD regulation, policy and guidance.

- Distributes PPP rating and payout results to supervisors.
- Captures lessons learned.
- Completes NSPS training as appropriate.

➤ **Civilian Personnel Directorate (FKCP):**

- Provides a PPA to support PPP midpoint exercises and end of cycle reconciliation processes.
- Maintains the pay pool structure and roles in the pay pool identification tool.
- Prepares general pay pool notices for signature by the command (PPM, PRA, or CofS).
- Populates the CWB worksheet tool with data from Defense Civilian Personnel Data System (DCPDS) and the Performance Appraisal Application (PAA).
- Monitors timely completion of performance plans and other required performance conversations in the PAA tool on behalf of the PPM.
- Operates the automated DCPDS tools during panel meetings to provide data for the panel's use, to include updating the CWB tool with panel rating, shares, and distribution decisions.
- Maintains pay pool business rules and procedures as approved by the PPM.
- Advises the PPM concerning DoD, DA, and local business rules governing NSPS performance and pay pool management.
- Monitors NSPS training completion of raters and PPP.
- Provides assistance to workforce on operation of PAA in completion of important actions such as performance plans, assessments, interim reviews, and annual appraisals.
- Conducts NSPS executive training sessions for General Officers.
- Performs refresher training as appropriate.

➤ **Higher Level Reviewer (HLR):**

- Review performance plans to ensure consistency and fairness within and across organizations.
- Review recommended ratings of record in a timely manner, ensuring accuracy and compliance with requirements.
- Recommend and/or makes adjustments to performance plans and recommended ratings of record.

➤ **Rating Official:**

- Ensure employees are trained in the NSPS performance management system.
- Verify accuracy of rating chain of subordinate employees at the start of every rating cycle to ensure employees have the correct HLR identified in the PAA tool.
- Develop employee performance plans and ensure subordinate employees are placed under an approved plan within 30 days from the start of the rating cycle or within 30 days from their entrance on duty or job change.
- Develop Specific, Measurable, Aligned, Realistic/Relevant, and Timed (SMART) job objectives reflective of expected accomplishments and contributions for the appraisal period and identify applicable contributing factors.

- **Job Objectives:** Performance plans must contain between 1 to 3 job objectives. Supervisory positions must contain the mandatory standard DA supervisory objective. Rating officials must assign weights to the objectives based on the position requirements and responsibilities.
- **Contributing Factors:** No more than 3 contributing factors may be assigned to a job objective. The "leadership" contributing factor must be selected for the mandatory DA supervisory objective. Assigning 1 contributing factor per job objective is recommended. Factor selected should represent the most significant work behavior required to complete the objective.
- Clearly communicate performance expectations and holds employees responsible for accomplishing them.
- Align performance expectations and employee development with organization mission and goals.
- Discuss Army values and ethics with employees, exchanging ideas about what values mean and what types of behavior indicate adherence. Documents positive aspects of the employee's support of Army values in the "For Component Use Only" section of the DoD NSPS evaluation form.
- Explain to employees that conduct will be considered when evaluating their performance, including conduct that would raise or lower the level of the employee's performance. Employees are always accountable for demonstrating professionalism and standards of appropriate conduct and behavior which impact the performance of the individual, team, and/or organization.
- Complete the three required NSPS performance conversations with employees (performance plan, interim review, and annual appraisal) in a timely manner.
- Provide employees meaningful, constructive, and candid feedback relative to performance expectations.
- Complete closeout assessments, early annual recommended ratings, and special purpose ratings, as appropriate.
- Request and consider employee self-assessments for interim reviews, closeout assessments, and annual appraisals.
- Make meaningful distinctions among employees based on performance and contribution.
- Foster and reward excellent performance.
- Address poor performance.
- Ensure eligible employees receive a rating of record.
- Submit recommended ratings of record, share assignments, and payout distributions through the PAA to the pay pool in a timely manner.
- Modify recommended rating of record in the PAA when directed by the HLR or PPM.
- Complete NSPS training as appropriate.

➤ **Employees:**

- Engage in dialogue with supervisors to develop job objectives and identify associated contributing factors.
- Identify and record personal accomplishments and results during the rating cycle.

- Prepare self-assessments for the interim review and annual appraisal. A self-assessment is not mandatory, but is highly recommended.
- Understand the link between their performance expectations, conduct, and organization mission and goals.
- Complete NSPS training as appropriate.

4. Administering the Pay Pool

References: DoD 1400.25-M, subchapter 1940 and Department of Army NSPS Policy.

- Panel deliberations and discussions are confidential. All persons involved in the PPPs will sign a non-disclosure agreement and will abide by the standards of conduct and ethics as outlined in the implementing issuances. Persons signing a nondisclosure statement include the PPM, PPP, PPA, advisors, and any observers present during panel deliberations. Final ratings, shares, and distributions of payouts will not be released until final review and approval by the PPM.
- The length of the panel meetings will allow sufficient time for issues to be adequately analyzed and discussed so that a common understanding and consensus can be achieved. The consensus recommendation is provided to the PPM who renders the final decision for the rating of record.
- All panel meetings will occur face-to-face, subject to budgetary limitations and the discretion of the Command. Other PPP discussions, such as follow-on meetings to discuss late appraisal information may be held by video teleconference or teleconference, as designated by the PPM.
- All panel deliberations, materials, and information (both written and verbal) developed during these meetings are confidential. Once the PPP recommendations have been approved by the PPM and the PAA updated accordingly, records from the internal management deliberations and recommendations will be disposed of and/or retained in accordance with applicable laws, regulations, policies and guidance.
- The PPA will prepare the necessary documentation as requested by the PPM to facilitate panel deliberations. Such materials may include: electronic copies of performance appraisal forms (DD Forms 2906) generated from the PAA; recommended ratings and assessments from the employee, rating official, and HLR; copies of the performance indicators and contributing factors; copies of current pay bands; current GS pay schedule; list of promotions and reassignments that occurred during the cycle; copies of performance plans for employees that are part of the pay pool; frequency of ratings by supervisor, employee type, and geography, etc. Performance appraisal forms shall be stored in a secure folder accessible only to the panel and administrator.

- All rating officials must be available to the PPP during the scheduled dates and times for panel meetings. Whenever possible, the dates for these meetings will be published to rating officials 3 months in advance of panel meetings.
- Meeting rooms for the PPP require: a computer with internet and DCPDS access so the panel can review and work with the automated tool(s); computers for panel members with appropriate network access for viewing stored appraisals; printer for generating copies of appraisals; and access to phone and email for purpose of contacting rating officials and reviewers if needed. Meeting rooms require privacy as panel deliberations are confidential.

5. Performance Management Assessments and Ratings

References: DoD 1400.25-M, subchapter 1930 and Department of Army NSPS Policy.

- *Pay Pool Process:*
 - The PPP will conduct a 100% review of employee and supervisory assessments. Each panel member will have at their disposal a copy of the performance indicators and benchmark descriptors for all pay schedules and pay bands.
 - PPP will collectively review the appraisal information (employee self-assessment, supervisor assessment, and recommended rating, shares, and payout distribution) for each employee and adjust ratings, shares, and distributions as appropriate. Panel members will use the NSPS Performance Indicators and Contributing Factor Benchmark Descriptors when reviewing recommended ratings and contributing factor adjustments.
 - The PPM hears discussions from members; may poll the members and either approve or adjust the objective ratings, the impact of contributing factors, and the overall rating for each employee.
- *Panel Deliberations:* In assigning, reviewing, or modifying ratings, panel members will consider the legitimacy of ratings and consistency with job objectives, as well as proper documentation of the rating level.
- *Panel will also examine:*
 - *Rating official rating patterns, i.e., significantly higher or lower than other raters.* If such patterns are detected, determine if there is a legitimate reason for the difference (e.g., very high performing organization).
 - *Comparison of ratings among like organizations, e.g., Directorates, Divisions within the pay pool.* Are they reasonably consistent? If not, are there legitimate reasons for the difference?
 - *Comparison of ratings among like jobs, e.g., Deputy Chiefs of Staff, Directors, Division Chiefs, human resource specialists, engineers, administrative staff, budget analysts.* Have ratings and performance indicators been consistently applied?

➤ *Recusals:*

- When reviewing appraisals, panel members will not review employees for whom they are the rating official and/or HLR.
- Panel members will not review appraisals for employees with whom they have a close professional or private relationship or in any other case where there may be a conflict of interest.
- A panel member will excuse themselves from the meeting room when their personal rating is under consideration.
- PPM will ensure recusals during the PPP process are completed IAW business rules.

➤ Appraisals submitted to the PPP must contain sufficient information to justify recommended ratings and contributing factor adjustments. Rating Officials must use the Performance Indicators and Contributing Factor Benchmark Descriptors when recommending ratings and contributing factor adjustments.

➤ Changing ratings - The PPM may change recommended ratings of record, share assignments, or payout distribution. If a recommended rating lacks the information needed to justify the rating, the PPA on behalf of the PPM will contact the rating official (or HLR if necessary) to obtain clarification and as appropriate provide notification of the proposed rating change along with the rationale for the change. The rating official will then be afforded the opportunity to provide further justification before the change becomes final. If no additional information is provided, or the information provided still does not justify the rating, the PPP will recommend an appropriate rating to the PPM. The rating official must make any changes ordered by the PPM in the PAA to reflect the final rating (e.g., change objective ratings, influence of contributing factors, and if required, modify the supervisory assessment) prior to conducting the annual appraisal conversation meeting with the employee or transferring the automated performance appraisal to the employee.

➤ Meeting important deadlines: Because of the limited timeframes for conducting pay pool panel deliberations, deadlines must be strictly adhered to. This pertains to rating officials' appraisals of their employees, HLR functions, and especially requests from the PPP for additional information on specific employees.

- PPP requests: As a general rule, inquiries sent out from the panel should be addressed by the recipient (or a designee) within 24 hours; the dates of each panel meeting will be communicated to all rating officials and HLRs so that they can be prepared to answer questions, or have a designated alternate available for this purpose.
- Consistent or deliberate failure to meet deadlines and publicized timeframes by a rater or HLR will be reflected in their next performance rating. When rating officials or HLRs are consistently late, the chain of command will be notified and, if necessary, decertification as a NSPS rating official will occur. For military members in the rating chain, consistent lateness will be reported

to the chain of command and, if necessary, they will be removed from the rating chain with appropriate remarks included in the military member's OER/NCOER.

- *Rating Officials in Special Situations:* The Command may designate a rating official of record to rate employees who are in matrix organizations, on extended TDY (Iraq, school etc.), or any other status. Guest rater input will be requested where appropriate. Such guest raters will be identified and communicated to the employee within 90 days of the employee's transfer to special status.
- *Trusted Agents:* Rating officials and Higher Level Reviewers may designate a trusted agent to improve the performance management process.

6. Share and Payout Distributions

References: DoD 1400.25-M, subchapter 1930 and Department of Army NSPS Policy.

- The number of shares awarded for each rating level (3 to 5) will be based on where the overall average rating (before rounding to a whole number) of all objectives falls, as follows:

Rating Level	Average Rating	Number of Shares
5	4.76 - 5.00	6 shares
5	4.51 - 4.75	5 shares
4	4.00 - 4.50	4 shares
4	3.51 - 3.99	3 shares
3	3.00 - 3.50	2 shares
3	2.51 - 2.99	1 share

- Employees with unacceptable ratings of record (1 or 2) will be assigned zero shares.
- The payout distribution, subject to PPP reconciliation and final approval by the PPM, may be paid as an increase in base salary, a bonus, or a combination of the two.
- For employees separating or retiring from civil service after completion of the rating cycle, but before the payout effective date in January, management should consider an incentive award in recognition of their efforts. If the employee's separation or retirement is known and will take place after the payout effective date and prior to the completion of the panel process, management should consider making the payout distribution solely as a bonus.
- Interns and developmental employees who are eligible for in-band pay increases through the Accelerated Compensation for Developmental Positions (ACDP) will receive 100% of their pay pool payout in the form of a bonus. Exceptions may be granted by the PRA on a case-by-case basis.

- In developing the payout pay increase/bonus mix, the following items should be considered: the approved performance rating; employee contribution to the Command's strategy and mission relative to their peers; the employee's current salary within the band and/or pay range; and other performance increases that were received by the employee throughout the performance cycle.
- No salary increase can cause an employee's basic pay to exceed the maximum amount for that employee's pay band; awards which would exceed the maximum amount for the pay band will be paid as a performance bonus.
- NSPS Implementing Issuances and other appropriate rules for performance based payouts for specially situated employees (e.g., Leave Without Pay (LWOP) for Uniformed Service or LWOP-Workers Compensation, details, temporary promotions, change in jobs after end of appraisal period but before payout) will be followed.
- Prorating the Payout: NSPS performance based pay pool payouts are prorated based on hours worked to reflect LWOP, part time and intermittent employment, and/or entry into a NSPS position from a non-NSPS position. These absences during the rating cycle will be prorated as follows:

Hours Worked	% of Payout
1561 – 2087	100%
1041 – 1560	75%
520 – 1040	50%

7. Publication of Results to Employees

References: DoD 1400.25-M, subchapter 1940 and Department of Army NSPS Policy.

- IAW Army Instruction, rating officials and HLRs will not share recommended ratings, share assignments, or payout distributions with their employees.
- Once the PPM has approved the pay pool results and rating officials have updated annual appraisal information in the PAA, final appraisals will be transferred to employees by the rating official. The rating official must make any appropriate changes in the PAA to reflect the final rating (e.g., change objective ratings, influence of contributing factors and, if required modify the supervisory assessment) prior to conducting the annual appraisal meeting with the employee and transferring the automated performance appraisal to the employee. Rating officials will conduct the annual appraisal conversation with each employee before the effective date of the performance payout (the first full pay period in January), and will document this conversation in the PAA.
- To promote credibility and transparency of pay pool management, the PPM will publish statistical results of the annual appraisals, including such metrics as:

average pay pool rating, number of employees rated, average share assignment, share value, and average payout expressed as a percentage.

- Organizations will ensure that statistical results will be presented in a manner which does not violate the Privacy Act by indentifying specific individuals.

8. Reconsideration Requests

References: DoD 1400.25-M, subchapter 1940 and Department of Army NSPS Policy.

- Employees can challenge their rating of record or an individual objective rating or adjusted rating through the reconsideration process.
- Employees cannot challenge the following:
 - A performance payout, number of performance shares assigned, value of performance shares, or distribution of payout between increase to base salary and bonus;
 - A recommended rating of record;
 - An interim review; or
 - A closeout assessment.
- Employees that challenge their rating will initially receive a performance payout based upon the record of rating (i.e., the rating that is being challenged).
- Within 10 calendar days of access through MyBiz of the final rating of record, the employee must submit a written request to FKCP, Chief Labor and Performance Management Division, who will forward copies to the rating official and the PPM. The written request must include a copy of the rating being challenged, the change requested, and the basis for the change.
- The request for reconsideration may include a request for discussion with the PPM and/or the PPP. The PPM will decide whether such communication will be accomplished and the details thereof.
- Within 15 calendar days of receipt of the employee request for reconsideration, the PPM must render a written decision. The PPM will review the request and confer with the rating official. The PPM may also conduct a further inquiry if deemed necessary. The PPM's decision must include a brief explanation of the basis of the decision. A copy of the decision is provided to the Civilian Personnel Advisory Center (CPAC), rating official, and employee.
- If the employee is dissatisfied with the PPM's decision, the employee may submit a written request to the PRA within 5 calendar days of receipt of the PPM's decision.

- The PRA or designee will issue a decision within 15 calendar days of receipt of the employee's request for consideration. The PRA's decision is final. A copy of the decision is provided to the CPAC, PPM, rating official, and employee.